



ARIZONA STATE RETIREMENT SYSTEM

3300 NORTH CENTRAL AVENUE • PO BOX 33910 • PHOENIX, AZ 85067-3910 • PHONE (602) 240-2000
7660 EAST BROADWAY BOULEVARD • SUITE 108 • TUCSON, AZ 85710-3776 • PHONE (520) 239-3100
TOLL FREE OUTSIDE METRO PHOENIX AND TUCSON 1 (800) 621-3778
EMAIL ADDRESS: ASKMAC@AZASRS.GOV • WEB ADDRESS: WWW.AZASRS.GOV

Paul Matson
Director

MINUTES OF A MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM OPERATIONS COMMITTEE

HELD ON
Friday, February 25, 2011
12:00 p.m., Arizona Time

The Operations Committee (OC) of the Arizona State Retirement System (ASRS) met in public session in the 14th Floor Conference Room of the ASRS Office, 3300 North Central Avenue, Phoenix, Arizona 85012. Mr. Steven Zeman, Chair, called the meeting to order at 12:00 p.m.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Steven Zeman, Chair (via Teleconference)
Mr. Tom Manos (Vice-Chair)
Mr. David Byers
Mr. Kevin McCarthy

Absent: None

A quorum of the Committee was present for the purpose of conducting business.

2. Approval of the December 9, 2010 Minutes of the OC Meeting

Motion: Mr. David Byers moved the minutes of the December 9, 2010 OC meeting be accepted. Mr. Kevin McCarthy seconded the motion.

By a vote of 4 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

3. Presentation, Discussion and Appropriate Action Regarding ASRS Web Development

Mr. Anthony Guarino introduced Mr. Dave King, Assistant Director, Member Services Division (MSD), who facilitated a presentation to the Committee regarding ASRS web development. Mr. King addressed the Committee regarding the various responsibilities of the Web Steering Committee that will now provide management oversight for web development. The discussion focused on the goals, criteria used to define success, and a review of the ASRS website as it currently exists. There was also a discussion regarding specific current and future features of the website including webinars, webcasts and tutorials, an online scheduler, "Smart" forms, email integration, and the potential use of social media.

4. Presentation, Discussion and Appropriate Action Regarding the ASRS Continuity of Operations Plan

Mr. Kent Smith, Assistant Director, Technology Services Division (TSD), addressed the Committee regarding recent ASRS Continuity of Operations Plan (COOP) exercises. Mr. Smith gave a brief background on the nature of the various tests and how they were executed. Mr. Russ Parsley, ASRS Quality Assurance Manager and COOP Coordinator, presented the Committee with a summary of recent tests and exercises conducted on April 21, 2010, December 2, 2010, February 2, 2011, and February 4, 2011.

5. Review of Recently Conducted Audits

- **Audit Follow Up – Service Purchase, Contract Administration, Contributions Accounting, Credited Service, City of Scottsdale, Tolleson United School District, Central Arizona Project**
- **Glendale Union High School District**
- **City of Avondale**
- **City of Tolleson**

Mr. Bernard Glick, ASRS Chief Internal Auditor, presented the Committee with an update on four previously conducted internal audits (Service Purchase, Contract Administration, Contributions Accounting, and Credited Service) and three employer audits (City of Scottsdale, Tolleson Unified School District, and the Central Arizona Project). With regard to the four internal audits, Mr. Glick stated that all issues presented in the original audits were resolved with two findings pending. For the three school districts, Mr. Glick noted that all had taken steps to resolve the findings in the original audits.

Mr. Glick then presented the findings of an audit of the Glendale Union High School District. The audit found the District did not remit ASRS contributions for terminated employees who received eligible performance pay, did not remit ASRS Contributions for 21 employees who were engaged to work at least 20 hours per week for at least 20 weeks in one or more fiscal years, did not remit contributions for 66 employees who were eligible to participate because they were contributing at other ASRS employers, and did not remit contributions on all eligible compensation for 20 employees.

Additionally, the District did not remit contributions for a retiree who had worked 20 or more hours for 20 or more weeks within the first 12 months subsequent to termination for retirement, did not ensure that all retirees returning to work complied with the requirement they acknowledge statutory provisions in writing within 30 days of returning to work, and did not comply with all statutes regarding ASRS health insurance supplements.

Mr. Glick said the total owed the ASRS is \$171,706.

The next audit involved the City of Avondale. Mr. Glick said the audit had seven findings: 1) the City did not report ASRS contributions for 12 part-time employees who were eligible to contribute in Fiscal Years (FY) 2007 and 2008, 2) the City had 17 employees who were contributing at other ASRS employers in FY 2007 and 2008, 3) the City did not report ASRS contributions for 37 employees who received a uniform allowance in FY 2007 through 2010, 4) the City did not report ASRS contributions for 99 employees who received tenure pay in FY 2007 through 2010, 5) the City did not report ASRS contributions for 183 employees who received a

cellular phone stipend in FY 2008 through 2010, 6) the City did not report ASRS contributions for four employees who received a car allowance in FY 2007 through 2010, and 7) the City did not report ASRS contributions for five employees who received an internet stipend in FY 2007 through 2010. Mr. Glick said the total owed the ASRS is approximately \$127,197.

The last audit concerned the City of Tolleson. Mr. Glick stated there were two findings from the audit. First, the City did not report ASRS contributions for four employees who received a uniform allowance in Fiscal Years (FY) 2008 through 2010. Second, the City did not report ASRS contributions for 10 employees who had received a car allowance in FY 2008 through 2010. He said the amount due the ASRS was approximately \$18,743.

6. Presentation, Discussion and Appropriate Action Regarding the Internal Audit Quarterly Update

Mr. Glick presented a spreadsheet containing the summary of internal audits through the period ending December 2010. The spreadsheet listed the audits, the hours budgeted, and estimates of how many hours were used to perform the audits. Mr. Glick noted various audits and reporting that had occurred in the second quarter of the fiscal year.

7. Request for Future Agenda Items

Mr. Byers requested a discussion on the health insurance offered by the ASRS to its retirees.

8. Call to the Public

No members of the public addressed the Committee.

9. Adjournment of the OC

Mr. Steven Zeman adjourned the meeting at 1:31 p.m.

Respectfully Submitted by,

Zachary Kucera
Committee Secretary

Date

Anthony Guarino
Deputy Director and Chief Operations Officer

Date